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Cap. 1

WAR FOOD ADMINISTRATION  
FOOD DISTRIBUTION ADMINISTRATION  
WASHINGTON 25, D. C.

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COMPLIANCE BRANCH MEMORANDUM NO. 4

FEB 3 - 1944 ★

Regionalization of Activities of Compliance Branch

U. S. DEPARTMENT OF AGRICULTURE

BASIC AUTHORITY AND DIRECTIVES

Director's Memorandum No. 2, Revision 1, of December 1, 1943, provides that: "In general, FDA's policy with respect to regionalization is that those functions and operations which can best be carried out at the regional level of administration shall be regionalized, and that those functions and operations which are national in nature or do not lend themselves to administration on a regionalized basis shall be performed or directed by the Washington office." (Part II-A)

The various branch and division chiefs in Washington are to act for the Director in and are responsible for the formulation of the programs, policies, instructions, standards and appraisals of programs indicated. (Part II-B-2)

Regional Directors will work with the appropriate branch or division chief to whom the Director has delegated responsibility for national program formulation, and on problems or programs involving several branches the Regional Director will work with the appropriate Deputy Director. (Part II-B-4)

Regional Directors are required to "operate within the framework of the national policies, standards, and procedures established at the Washington level, making only such adjustments as may be necessary to meet special local conditions or emergency situations as they may arise. In the case of regulatory and service acts requiring strict national uniformity, these standards and other instructions shall be applied in all regions without change." (Part II-B-5)

Each branch is instructed to issue a branch memorandum applying the policy on regionalization to its programs and operations, which memorandum "should outline the specific responsibilities which the branch expects the regions to assume, the procedures for operating under such delegation of authority and the reports which will be required from the regions on operations under the branch programs. The branch memorandum on regionalization should also describe whatever exceptions are necessary from the rule that Washington branch policies and technical instructions are directed to regional offices." (Part II-C)

## BRANCH DELEGATION OF AUTHORITY AND RESPONSIBILITY

Pursuant to Director's Memorandum No. 2, Revision 1, the Compliance Branch redelegates responsibilities and authority to the Regional Directors, within the limitations and subject to the qualifications stated, as follows:

- I. Food Distribution Orders and Regulations.--The Regional Directors within their respective regions shall have authority and responsibility for the enforcement of all food distribution orders and food distribution regulations.
  - A. Violations of food orders and regulations designated as "non-regionalized" shall not be referred to the regional attorney for administrative or court action until after the appropriate commodity branch in Washington shall have had opportunity to review the investigation or audit report pertaining thereto and such commodity branch shall have made its recommendations through the Compliance Branch in Washington. By "nonregionalized" orders and regulations is meant food orders and regulations which the administering commodity branch has designated to the Compliance Branch as requiring enforcement review at the Washington level before action is instituted. Listings of "nonregionalized" food orders and regulations will be contained in Compliance Branch Memorandum No. 5 and in revisions thereof or supplements thereto.
  - B. All case actions and procedures shall be governed by the provisions of the Manual on Enforcement of Food Orders Administered by Food Distribution Administration, issued March 16, 1943, and Procedural Regulation No. 1, issued December 4, 1943, as amended or supplemented.
  - C. Requested investigations or audits referred to the regional offices by the Compliance Branch in Washington, being frequently of national importance or involving major considerations, shall be given priority upon request of the Compliance Branch.
  - D. Requests from order administrators in Washington for the investigation or audit of persons or firms subject to food distribution orders and regulations shall be forwarded to the regional office through the Compliance Branch in Washington. All correspondence from a regional office to an order administrator in Washington relating to the enforcement of food distribution orders and regulations shall be routed to such order administrator through the Washington office of the Compliance Branch.
  - E. In special cases involving investigations of interregional scope the Compliance Branch in Washington on its own initiative or upon request by a regional director, will organize a coordinated



investigation or audit program and by special instructions assign to various regional offices the part or parts of such investigation or audit to be assumed by such regional offices. In all such cases the various investigation or audit reports shall be submitted to Washington for assembly in one general report.

II. Marketing Agreements and Orders.--The Regional Directors within their respective regions shall have authority and responsibility for investigating and reporting upon violations of marketing agreements and orders; for installing accounting systems for agencies cooperating in the Administration's programs under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended; and for conducting periodic audits of the books and records of such agencies, in accordance with the instructions of the Washington office of the Compliance Branch.

- A. The Compliance Branch will devise the accounting systems to be installed for agencies cooperating with the Administration's programs under the Agricultural Marketing Agreement Act of 1937, as amended. No changes or modifications in such systems shall be made or permitted except upon approval first obtained from the Washington office of the Compliance Branch.

III. Procurement Investigations and Audits.--The Regional Directors within their respective regions shall have authority and responsibility for conducting periodic and systematic investigations and audits to detect fraud, malfeasance, misfeasance and other irregularities in any of the procurement programs of the Administration, including investigations and audits relating to lend-lease, direct sales, Red Cross, territorial emergency, Iceland fisheries, cotton, tobacco, diversion, export, school-lunch and school-milk programs.

- A. It is anticipated that procurement cases will originate in the field as well as in Washington. The Regional Directors shall promptly investigate both types of cases and keep the Compliance Branch in Washington informed concerning them. The Compliance Branch will issue special instructions, if necessary, relating to the handling of any specific case.
- B. Investigation and audit reports should be referred to the Washington office of the Compliance Branch for review before any court action is instituted. This is not to be construed as preventing a Regional Director, or in appropriate cases the investigator or auditor on the assignment, from taking necessary steps to preserve evidence and otherwise protect the interests of the government.

IV. Cost Analysis Activities.--The cost analysis and development activities of the Compliance Branch require centralized direction and control. This

work will be governed by communications direct from the Washington office of the Compliance Branch. Field activities in connection with cost accounting studies will be directed from Washington with such assistance from the regional offices as may be specially requested from time to time. Cost accountants working out of Washington will advise the Regional Directors of assignments in the region and will keep Regional Directors informed of their movements within the region.

V. Special Investigations and Audits.--Investigations and audits relating to Compliance Branch activities not mentioned in this memorandum may be necessary from time to time. Ordinarily such investigations and audits will be made by personnel sent from Washington but, if requested to do so by the Chief of the Compliance Branch, the Regional Directors will assign personnel from the regional offices to carry on this work.

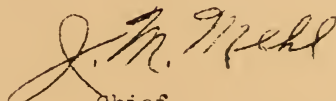
VI. Administration of Commodity Exchange Act.--Administration of the Commodity Exchange Act requires centralized direction and control. Commodity Exchange Act activities in the field will be governed by communications direct from the Compliance Branch to the Commodity Exchange Supervisors in Chicago, Kansas City, Minneapolis, New Orleans and New York.

- A. The Regional Director of the Western Region shall have authority and responsibility for making segregation audits, and in special cases position audits, of persons and firms subject to the provisions of the Commodity Exchange Act. Such audits will be assigned by and be made in accordance with instructions of the Washington office of the Compliance Branch.
- B. CEA accountants and investigators will work under the direction of the local Commodity Exchange Supervisor while engaged on CEA activities, and under the direction of the Chief of the Regional Compliance Division when engaged on other activities. The local Commodity Exchange Supervisor will cooperate with the Regional Director in making CEA personnel and equipment available for other work whenever possible and likewise will call upon the Regional Director for special assistance in connection with CEA activities when needed.

VII. General.--The Regional Directors with respect to all field activities of the Compliance Branch will continue to exercise authority and responsibility for providing appropriate budgetary, fiscal, personnel and administrative services, including responsibility for the most efficient and economic use of personnel and space.

- A. The case files pertaining to investigations and audits shall be in the custody and under the control at all times of the Chief of the Compliance Division and shall be open to inspection by such persons only as are designated by such Chief of Compliance Division.

- B. The files pertaining to Commodity Exchange Act activities shall be in the custody and under the control at all times of the resident Commodity Exchange Supervisor and shall be open to inspection by such persons only as shall be designated by such Commodity Exchange Supervisor or by the Chief of the Compliance Branch.
- C. For reasons of policy and public convenience Commodity Exchange Act activities, wherever practicable, shall continue to be housed in the building or closely adjacent to the building wherein is located the exchange hall or the clearing organization of the principal commodity exchange in the city in which Commodity Exchange Act representation is maintained.
- D. Regional Directors will make the monthly reports upon the handling of cases and the progress of field programs provided for in Compliance Branch Memorandum No. 3; will advise the Compliance Branch currently of all actions taken and papers filed in pending administrative and court cases; and will make such special reports on activities and programs as may be called for from time to time.
- E. Whenever, for lack of funds or other reason, any Regional Director shall find it difficult or impossible to discharge fully and satisfactorily any responsibility or duty delegated to him by this memorandum or any amendments or supplements hereto, he will communicate immediately with the Chief of the Compliance Branch giving the facts and circumstances together with his recommendations. The Compliance Branch will cooperate with and upon application will assist any Regional Director in working out special problems and, in cases of special need, will endeavor to obtain temporary loans of technical personnel from other regions or from Washington.

  
Chief  
Compliance Branch

